

Message Text

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15

ACTION EA-09

INFO OCT-01 ISO-00 AGRE-00 SP-02 USIA-15 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 FAA-00 DOTE-00

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P R 200236Z OCT 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 7308

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL HONG KONG

AMCONSUL NAHA

AMCONSUL SYDNEY

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E.O. 11652: NA

TAGS: BEXP, ID

SUBJ: APCAC CONFERENCE - COMMUNIQUE

1. ASIA PACIFIC COUNCIL OF AMERICAN CHAMBERS OF COMMERCE
CONCLUDED ITS FOUR-DAY CONFERENCE IN JAKARTA OCTOBER 18 WITH
ISSUANCE OF COMMUNIQUE AND RESOLUTIONS CONFERENCE HAD APPROVED.
THIS MESSAGE TRANSITS APCAC COMMUNIQUE. RESOLUTIONS SENT
SEPTEL. WRAP-UP REPORT ON CONFERENCE ITSELF WILL BE SENT
BY DEPARTMENT OBSERVER (GEBER) UPON HIS RETURN TO WASHINGTON.

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2. COMMUNIQUE AS ISSUED IN JAKARTA OMITED FINAL PARAGRAPH

RELATING TO ISSUE OF U.S. SUPPORT FOR REPUBLIC OF CHINA.
CONFERENCE DECIDED IN APPROVING HOLDING OF CONFERENCE IN JAKARTA
HAD EXPRESSED SENSITIVITY TO CONFERENCE DEALING WITH
CHINA QUESTION IN VIEW OF FACT INDONESIA DOES NOT
HAVE DIPLOMATIC RELATIONS WITH GOVERNMENTS OF EITHER ROC OR PRC.

3. COMMUNIQUE READS AS FOLLOWS:

INDONESIAN ECONOMY:

APCAC NOTES THE EXTENSIVE PROGRESS AND ECONOMIC DEVELOPMENT
WHICH HAS OCCURRED IN INDONESIA DURING THE PAST TEN YEARS
AND WISHES TO CONGRATULATE THE PEOPLE AND THE GOVERNMENT
OF INDONESIA ON ITS ACHIEVEMENTS.

PACAC ANTICIPATES THIS PROGRESS TO CONTINUE AT A GREATER RATE
IN THE YEARS TO COME AND HOPES TO CONTRIBUTE TO THE
ECONOMIC AND INDUSTRIAL DEVELOPMENT OF THE REPUBLIC OF
INDONESIA.

OVERSEAS TAX ANTI-DISCRIMINATION CAMPAIGN:

THE CHANGES MADE TO THE EARNED INCOME EXEMPTION FOR U.S.
CITIZENS LIVING OVERSEAS BY THE TAX REFORM ACT OF 1976 REFLECT
A MISUNDERSTANDING OF THE CONTRIBUTION BY U.S. CITIZENS
LIVING OVERSEAS TO THE DOMESTIC ECONOMY OF THE UNITED STATES
AND THE INSENSITIVITY TOWARDS U.S. CITIZENS
LIVING OVERSEAS BY CONGRESS.

THE STRONG ECONOMIC ARGUMENTS FOR MAINTAINING AND INCREASING
TAX INCENTIVES FOR U.S. CITIZENS LIVING OVERSEAS WERE NOT
DISCUSSED NOR CONSIDERED BY THE CONGRESS IN THEIR COMMITTEE
REPORTS. THE RETROACTIVITY OF MAJOR TAX CHANGES RESULTS
IN MANY THOUSANDS OF DOLLARS OF TAXES OWING BY INDIVIDUALS
IN 1976 THAT WERE NOT CONTEMPLATED IN TAX PLANNING.

THE DISCRIMINATION FAVORING OFFICIAL U.S. GOVERNMENT
EMPLOYEES COMPARED TO OTHER U.S. CITIZENS LIVING OVERSEAS
SHOWS A COMPLETE LACK OF CONCERN TO THE PROBLEMS OF THE
U.S. CITIZENS WHO LIVE ABROAD. THE U.S. BUSINESSMEN LIVING
OVERSEAS AND WORKING FOR THE ECONOMIC BETTERMENT OF THE
UNITED STATES MUST UNDERTAKE AN ACTION PROGRAM, FUNDED BY
CONCERNED AMERICANS, ALONG THE FOLLOWING LINES:

1. A CLASS ACTION SUIT ON BEHALF OF ALL OVERSEAS

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U.S. TAXPAYERS TO TEST THE LEGALITY OF THE
UNITED STATES TAXING AMERICAN CITIZENS RESIDING ABROAD
ON THEIR INCOME FROM SOURCES OUTSIDE THE TERRITORIAL
LIMITS OF THE UNITED STATES IS TO BE INITIATED.
A FUND HAS BEEN ESTABLISHED TO ENGAGE LEGAL COUNSEL
TO ADVISE ON THIS MATTER.

2. SEEK PROMPT CONGRESSIONAL RELIEF FROM THE

RETROACTIVE EFFECT OF CHANGES TO SECTION 911 BY
THE TAX REFORM ACT OF 1976 THROUGH REPEAL OF THOSE
CHANGES.

3. COMMENCE A CAMPAIGN TO MAKE THE EXECUTIVE BRANCH
OF THE U.S. GOVERNMENT AWARE OF THE DISCRIMINATION
FAVORING THE TAXATION OF U.S. GOVERNMENT EMPLOYEES
OVERSEAS VIS-A-VIS THE TAXATION OF NON-GOVERNMENT
EMPLOYEES OVERSEAS WITH A VIEW TO SOLICIT EXECUTIVE
SUPPORT OF OUR ACTION PROGRAM.

U.S. GOVERNMENT SUPPORT OF U.S. BUSINESS IN ASIA-PACIFIC:
GOVERNMENTS IN THE ASIA-PACIFIC AREAS AS WELL AS THE U.S.
GOVERNMENT RECOGNIZE THE IMPORTANCE OF POLITICAL AND ECONOMIC
STABILITY IN PROMOTING PEACE AND WELL-BEING FOR THE PEOPLES
OF THE AREA. HOWEVER, THE CONGRESS OF THE U.S. DOES NOT
SEEM TO FULLY UNDERSTAND AND RECOGNIZE THE CONTRIBUTION WHICH
U.S. PRIVATE BUSINESS CAN AND MUST MAKE IN THIS EFFORT. IT
IS APCAC'S VIEW THAT THE MAJORITY OF HOST GOVERNMENTS
DESIRE A CONTINUING U.S. ECONOMIC PRESENCE IN THE AREA.
RECENTLY, THE U.S. CONGRESS HAD SPONSORED DISINCENTIVES TO
U.S. FOREIGN INVESTMENT SUCH AS PERSISTENT ATTACKS ON THE
U.S. EXIMBANK AND THE RECENT CHANGES IN THE TAX TREATMENT
OF U.S. BUSINESSMEN ABROAD. GROWTH IN THE AREA WILL
BE HAMPERED WITHOUT ADDITIONAL U.S. INVESTMENT, AND
INVESTMENT CANNOT BE FORTHCOMING WITHOUT A REASONED AND
ENCOURAGING FRAMEWORK OF U.S. LAWS.
APCAC STRONGLY URGES U.S. GOVERNMENT POLICY MAKERS,
ESPECIALLY IN THE WHITE HOUSE, DEPARTMENTS OF STATE,
TREASURY AND COMMERCE, TO EDUCATE CONGRESS AND U.S.
INVESTMENT ABROAD IS A POSITIVE FORCE FOR DEVELOPMENT AND
BENEFITS ASIAN-PACIFIC NATIONS AS WELL AS THE U.S.
IN THIS CONTEXT, U.S. GOVERNMENT POLICY SHOULD BE SHARPLY
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FOCUSED TO POSITIVELY SUPPORT U.S. INDUSTRY IN ITS EFFORTS
TO EXPAND ITS ACTIVITIES IN ASIA-PACIFIC.
CALL FOR A COORDINATED AND STRENGTHENED U.S. INTERNATIONAL
ECONOMIC POLICY:
RECOGNIZING A CONTINUING EROSION IN THE INTERNATIONAL
ECONOMIC INFLUENCE OF THE U.S., APCAC URGED THE STRENGTHENING
OF U.S. GOVERNMENT PLANNING AND OPERATIONS BY:

1. ELIMINATION OF OVERLAPPING, COMPETING AND REDUNDANT
RESPONSIBILITIES IN THE EXISTING DEPARTMENTS OF
GOVERNMENTS.

B. STRENGTHENING THE LEADERSHIP AND SCOPE OF THE
COUNCIL ON INTERNATIONAL ECONOMIC POLICY (CIEP).

C. EVENTUALLY CREATING ONE CABINET-LEVEL DEPARTMENT
OF INTERNATIONAL ECONOMIC PLANNING AND OPERATIONS
(DIEPO) WITH FULL AUTHORITY FOR PLANNING AND
COORDINATING AND OTHERWISE FACILITATING U.S.
INTERNATIONAL COMMERCE.

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TO SECSTATE WASHDC PRIORITY 7309
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FORCED DIVESTITUTE IN ASIA-PACIFIC:

APCAC FEELS THAT NEW INVESTMENT AND THE EXPANSION OF EXISTING
INVESTMENT IN ASIA-PACIFIC IS DISCOURAGED BY ANY POLICIES
OR REGULATIONS OF HOST GOVERNMENTS WHICH DIRECTLY OR
INDIRECTLY RESTRICT FOREIGN OWNERSHIP: UNDULY RESTRICT

THE OPERATION AND MANAGEMENT OF BUSINESS; FAIL TO OBSERVE THE SANCTITY OF AGREEMENTS ALREADY REACHED, OR RAISE THE SPECTER OF NATIONALIZATION AND FORCED DIVESTITURE. IN COUNTRIES WHERE SUCH MEASURES PERSIST, U.S. CAPITAL MAY SEEK MORE HOSPITABLE INVESTMENT SITES ELSEWHERE.

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TRANSFER OF TECHNOLOGY:
APCAC REAFFIRMS THE DESIRABILITY OF ENCOURAGING CORPORATIONS TO ENGAGE IN TECHNOLOGY TRANSFER WITH THE CONCOMITANT OBJECTIVE OF ASSISTING DEVELOPING NATIONS WHENEVER POSSIBLE CONSISTENT WITH NORMAL CORPORATE BUSINESS PRACTICE. APCAC IS AMENABLE TO A GENERAL CODE OF CONDUCT GOVERNING TECHNOLOGY TRANSFER AS LONG AS IT DOES NOT CURTAIL THE NEGOTIATING ABILITY OF BOTH PARTIES CONCERNED. PACAC URGES DEVELOPING NATIONS TO ACCEPT THE FACT THAT CONTINUED ACCESS TO NEW TECHNOLOGY WILL DEPEND UPON THEIR WILLINGNESS TO PAY THE OWNERS A FAIRLY NEGOTIATED PRICE AND AFFORD ADEQUATE PROTECTION OF INDUSTRIAL PROPERTY RIGHTS BY EFFECTIVE LEGISLATION.

CONTINUATION OF U.S. AIR CARRIER SERVICE TO OKINAWA:
APCAC BELIEVES THAT TERMINATION OF INTERNATIONAL AIR SERVICES TO OKINAWA WOULD HAVE HIGHLY DETRIMENTAL IMPACT ON TRADE, COMMERCE, AND TOURISM IN OKINAWA AS WELL AS PENALIZING THOUSANDS OF U.S. CITIZENS AND JAPANESE CITIZENS LOCATED ON OKINAWA WHO LOOK TO U.S. CARRIERS TO REACH THE U.S. AND OTHER ASIA POINTS. WE STRONGLY URGE THAT THE U.S. POSITION IN THE CURRENT BILATERAL DISCUSSIONS REGARDING THE CIVIL AIR TRANSPORT AGREEMENTS WITH JAPAN SHOULD BE TO EFFECT CONTINUATION OF THE CURRENT AGREEMENT WITH NO LOSS OF RIGHTS TO PRESENT U.S. AIR CARRIERS.

U.S. SUPPORT OF SOUTH KOREA.
APCAC BELIEVES THAT UNITED STATES SUPPORT OF SOUTH KOREA IS VITAL TO THE MAINTENANCE OF STABILITY ON THE KOREAN PENINSULA, THE SECURITY OF JAPAN AND ULTIMATELY THE SECURITY AND ECONOMIC INTERESTS OF THE UNITED STATES. APCAC URGES REOPENING OF LINES OF COMMUNICATIONS BETWEEN NORTH AND SOUTH KOREA AND A SINCERE EFFORT TO USE THESE CONTACTS FOR PRODUCTIVE PURPOSES.

OVERSEAS CITIZENS VOTING RIGHTS ACT:
MANY AMERICANS LIVING ABROAD HAVE BEEN FRUSTRATED IN THEIR DESIRE TO VOTE IN THIS YEAR'S PRESIDENTIAL ELECTION. TWO MAJOR RECURRING PROBLEMS ARE:

1. SOME STATE ELECTION OFFICIALS ARE ILL-INFORMED AND EVEN UNCOOPERATIVE CONCERNING REGISTRATION FOR OVERSEAS AMERICANS.

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2. THE THREAT THAT CERTAIN STATES IN THE U.S.
MAY ATTEMPT TO LEVY STATE INCOME TAXES AS
A RESULT OF ATTEMPTS MADE BY OVERSEAS
AMERICANS TO REGISTER TO VOTE.

APCAC URGES BOTH FEDERAL AND STATE GOVERNMENTS TO TAKE
ACTION TO INSURE OVERSEAS AMERICANS EFFECTIVELY RECEIVE
THEIR VOTING RIGHTS AS CITIZENS.

U.S. SUPPORT OF THE REPUBLIC OF CHINA:

APCAC BELIEVES THAT THE UNITED STATES GOVERNMENT, WHILE
ENGAGED IN IMPROVING RELATIONS WITH THE PEOPLE'S REPUBLIC
OF CHINA, SHOULD TAKE ADEQUATE STEPS TO PROTECT U.S.
ECONOMIC INTERESTS IN TAIWAN AND IN NO WAY COMPROMISE
ITS COMMITMENTS TO THE REPUBLIC OF CHINA.

DISSENT:

IN DISSENTING FROM THIS RESOLUTION AMCHAM HONG KONG
STRONGLY ENDORSED U.S. GOVERNMENT SUPPORT FOR U.S. INVEST-
MENT IN AND TRADE WITH TAIWAN WHILE IMPROVING RELATIONS
WITH THE PEOPLE'S REPUBLIC OF CHINA, FURTHER COMMENTING
THAT THIS RESOLUTION SHOULD FOCUS ON THE ECONOMIC
ISSUES.

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